



AMERICAN
COMPASS

Workers in the Boardroom

GIVE WORKERS A SEAT AT THE DIRECTORS' TABLE

WHAT'S THE PROBLEM?

American workers highly value having a **voice in the workplace** and collaborating with employers to address workplace issues.

But workers face a **representation gap**, with much less input on workplace issues than they want.

Corporate executives and boards of directors tend to neglect the worker perspective, and have little familiarity with their own employees' experiences, even though such input can be **vital to retention, productivity, and innovation**.



WORKER INSIGHT AT THE TABLE

American workers place enormous value on cooperative relationships with management. Poor labor-management relations harm job satisfaction even more than unpredictable scheduling or low wages. Worker voice can benefit businesses too, through increased productivity and job satisfaction, improved information flow, and strengthened trust.

Employee voice rarely reaches the corporate governance level. Corporate boards are under no obligation to hear or consider employee input about critical decisions. This is an enormous opportunity lost. Worker board representation brings direct operational knowledge to board deliberations and has been demonstrated to increase the typical firm's market value, labor productivity, and rate of capital formation. It provides a useful check against corporate short-termism and can prove highly valuable when a firm navigates crises. By creating a credible, efficient mechanism for trustworthy information exchange between boards and workers, worker board representation allows critical decisions to reflect the input and better secure the support of the workforce and makes integrative business solutions more likely.

WHAT'S THE SOLUTION?

Congress should amend the National Labor Relations Act (NLRA) to give worker organizations the option of electing worker board representatives from among the workforce.

This option should be a feature of federal labor law, rather than state corporate law, and initially focus on the largest corporations, which employ the largest share of American workers and have the most well-established corporate-governance infrastructure.

- The right to elect worker board representatives should accompany the presence of a **nonunion worker-management cooperative organization** made legal under NLRA reform
- Board representation should be an option that workers can exercise, **not an automatic obligation**
- Worker board representatives must be **genuinely accountable to the workforce**, which must be able to recall and replace representatives that no longer represent it well

BETTER COMMUNICATION, BETTER OUTCOMES

The primary goal of worker board representation should be credible facilitation of information exchange, leading to increased trust and cooperation. Worker representatives will ensure board decisions are informed by real-world, ground-floor insight and scrutiny from the workers deploying and affected by those decisions—and that those workers understand the decisions a board makes. Workers are not interchangeable, disposable inputs of production—they are co-creators of economic value, and board representation treats them as such. When asked if they would support employees at large companies being able to elect board representatives, a majority of American voters say yes.



FREQUENTLY RAISED OBJECTIONS

“THIS WILL BRING POLITICAL ACTIVISM INTO THE BOARDROOM.”

Political activism is already present in boardroom. Workers are likely to oppose initiatives that prioritize symbolic gestures over tangible benefits and press for focus on bread-and-butter economic issues relevant to business operations.

“THIS WILL OBSTRUCT U.S. BUSINESS FLEXIBILITY AND HARM INNOVATION.”

One or two workers on a corporate board will not have the power to override the preferences of directors selected by shareholders. What they will have is an otherwise unrepresented perspective that can furnish invaluable information and affect the direction of the group’s deliberations. Empirically, such representation has been associated with improved business outcomes.

“CORPORATIONS CAN ALREADY DO THIS IF THEY WANT—IT SHOULDN’T BE IMPOSED BY LAW.”

Formalizing the procedure for seating a worker representative on the board will both force employers to consider the option and make clear the legal authority and requirements for doing so. The procedure would only be required where the corporation consents to form a nonunion worker-management organization. In that context, also providing a board seat ensures that the employer is genuinely committed to worker voice and representation rather than seeking to co-opt concerted worker action.

FURTHER READING

“Not What They Bargained For: A Survey of American Workers.” *American Compass, 2021.*

A survey of American workers attitudes about organized labor, voice in the workplace, and policy reform.

Chris Griswold. “A Better Bargain: Worker Voice and Representation.” *American Compass, 2021.*

A proposal for improving worker-management relations in the workplace and the boardroom.

“Collaborative Labor-Management Committees.” *American Compass, 2023.*

A policy brief advocating for national labor law reform to allow for nonunion organizations that give workers a voice on the job.

Chris Griswold. “The Right Is Starting to Represent Workers Outside of Unions.” *Newsweek, 2022.*

An overview of the TEAM Act of 2022.

“Teamwork for Employees and Managers (TEAM) Act of 2022.” *Sen. Marco Rubio (R-FL) and Rep. Jim Banks (R-IN).*

A proposal to legalize worker-employee cooperative organizations and allow such organizations to elect board representatives.

KEY FACTS

50–60% American workers who have less influence than they would like on workplace issues other than compensation and benefits¹

53% American voters who support letting employees elect representatives to corporate boards²

–94% Net Promoter Score of jobs in which workers experience poor labor-management relations³

+55% Net Promoter Score of jobs in which workers experience excellent labor-management relations⁴

16–21% Increase in value-added per employee in German companies with workers on board⁵

ABOUT AMERICAN COMPASS

Our mission is to restore an economic consensus that emphasizes the importance of family, community, and industry to the nation’s liberty and prosperity. American Compass is a 501(c)(3) nonprofit organization.

For more information, visit americancompass.org

¹ Thomas Kochan. “Worker Voice, Representation, and Implications for Public Policies.” MIT Task Force on Work of the Future, 2020.

² Dylan Matthews. “Workers don’t have much say in corporations. Why not give them seats on the board?” Vox, 2018

³ Ibid.

⁴ Ibid.

⁵ Simon Jäger, Benjamin Schoefer, and Jörg Heining. “Labor in the Boardroom.” Institute of Labor Economics, 2019.